



COMPETE!

REGIONAL COMPETITIVENESS

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The U.S. Workforce Challenge

- ▣ If you are one in a million in the United States ...
- ▣ ...there are 1,300 of you in China
- ▣ ...and 1,100 of you in India

- ▣ The 25% of the population in China with the highest IQs ...
- ▣ ... is greater than the total population of North America!
- ▣ In India, it's the top 28%
- ▣ Translation: They have more honors kids than we have kids!

Name this country . . .

- ▣ Richest in the world
- ▣ Largest military
- ▣ Center of world business and finance
- ▣ Strongest education system
- ▣ World center of innovation and invention
- ▣ Currency the world standard of value
- ▣ Highest standard of living

ENGLAND

In 1900

The American Century

In the second half of the 20th century ...

- ▣ Highest per-capita income
- ▣ First in economic growth
- ▣ Largest share of world exports, with only 5% of the world's population
- ▣ US multinationals dominated most industry sectors
- ▣ Enrolled 30% of all post-secondary students in the world

WHOSE CENTURY IS THE 21ST?

Globalization

- ▣ Three billion people have joined the global trading system in the last decade
 - National Academies
- ▣ In 40 years, the economies of Brazil, Russia, India and China (BRICs) could be larger than G6 (US, Japan, UK, Germany, France and Italy)
 - Goldman Sachs

Globalization Trends

- ▣ 63,000+ multinationals worldwide, IT and internet-facilitated
- ▣ Networked, not vertically integrated, for efficiency, lower costs
- ▣ Rapid increase of workforce skill levels in emerging markets
 - Manufacturing to technical support to back office to software design to – today – innovation
 - 1997: China had 50 research centers; by 2004: 600

Demographic Shifts

- ▣ Today: Italy and Japan's working-age population are declining
- ▣ 2020s: U.S., U.K. and Canada will follow
- ▣ More than 70 million U.S. baby-boomers will retire by 2020 vs only 40 million entering
- ▣ By 2030, India will add 335 million people – equivalent to entire workforce of US and Europe today

Sobering Workforce Trends

- ▣ 2000: More than 25 countries had higher percentage of 24-year-olds with degrees in science and engineering than U.S.
- ▣ Number of new doctorates declining in real terms since 1996; many foreign students returning home
- ▣ By this year, China will produce more S&E doctorates than the U.S.

ECONOMIC DEVELOPMENT
CAN'T BE BASED ON
WISHFUL THINKING!

BUSINESS DEVELOPMENT
+
POLICY
=
ECONOMIC DEVELOPMENT

Growing Regional Clusters

- ▣ California Economic Strategy Panel



- ▣ Partnership for the New Economy



- ▣ Partnership for the Global Economy



- ▣ Cali Baja Bi-National Mega-Region



Common Process

- ▣ Sound research
- ▣ Inclusive convening process
 - Public, private participants
 - Industry cluster leaders
- ▣ Leadership group to integrate input, create action agendas
- ▣ Framework for sustaining action
- ▣ Metrics to measure success

Conclusions

- ▣ We compete – in U.S. and worldwide
- ▣ Private sector creates the jobs – and thus the revenues to government; we earn their investment
- ▣ Public sector a critical partner – but must focus less on delivering services and more on delivering value
- ▣ Consistent focus on workforce and infrastructure

Conclusions

- ▣ Systemic reform preferable to incentives
- ▣ California's problems a big overhang
- ▣ Benchmarking removes ideology, makes initiatives bi-partisan or non-partisan
- ▣ Best practices are worth studying
- ▣ We need data-driven regional approaches
- ▣ The three E's matter

San Diego Conclusions

- ▣ Partnership for the Global Economy:
 - Workforce (Career Ladders, STEM, Acute Workforce Shortages)
 - Infrastructure (Housing, Transportation, Energy, Water, Environmental Sustainability, Economic Drivers)
 - Convergence (Security, Healthcare/IT, defense/homeland security)

Partnership Conclusions

- ▣ Infrastructure investment critical:
 - EDC endorsed SANDAG projection: 300,000 new housing units by 2030
 - This growth is essential to our future – not a choice:
 - ▣ Factors: Population growth from young people, individuals living longer
 - ▣ Two-thirds of workforce in innovation clusters come from outside California. Employers say housing is major competitive disadvantage

Partnership Conclusions

- ▣ Solution: more aggressive infrastructure funding strategy
- ▣ “Planned community / large developer” subsidies gone
- ▣ New strategies around
 - Smaller, in-fill projects
 - Higher land-use intensity
 - Sound transit options

EDC Focus

- ▣ Business attraction, outreach programs
- ▣ Workforce initiatives
- ▣ Infrastructure initiatives in eight areas
 - Partnership with the City of San Diego, SANDAG, other regional organizations
 - ▣ Infrastructure funding strategy
 - ▣ Land-use planning to accommodate regional housing needs
 - Land-use intensity
 - Transit system development

Conclusions

- ▣ Don't take private-sector investment for granted
- ▣ The long-term health of our region requires investments in workforce and infrastructure
- ▣ City of San Diego must have an investment strategy
- ▣ Business community is prepared to partner with regional governments for success